

104TH CONGRESS
2D SESSION

H. R. 4141

To ensure that purchasers of single family residential properties owned by the Department of Housing and Urban Development are notified of the penalties authorized for intentionally misrepresenting the purchaser's intent to occupy the properties after purchase and that purchasers indicating an intent to use such properties as their principal residences use the properties in such manner.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 24, 1996

Mr. BARRETT of Wisconsin introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To ensure that purchasers of single family residential properties owned by the Department of Housing and Urban Development are notified of the penalties authorized for intentionally misrepresenting the purchaser's intent to occupy the properties after purchase and that purchasers indicating an intent to use such properties as their principal residences use the properties in such manner.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Department of Hous-
3 ing and Urban Development Owner-Occupancy Enforce-
4 ment Act”.

5 **SEC. 2. NOTICE OF PENALTY FOR FRAUD AND FALSE**
6 **STATEMENTS.**

7 In disposing of any qualified property pursuant to
8 any sale (including any direct, bulk, or competitive sale,
9 or auction), the Secretary of Housing and Urban Develop-
10 ment shall—

11 (1) provide to the purchaser, upon notifying the
12 purchaser of acceptance of the offer to purchase,
13 written notice (separate from any sales contract)
14 that—

15 (A) sets forth the provisions of section
16 1010 of title 18, United States Code, and the
17 maximum fine and maximum term of imprison-
18 ment for violations of such section; and

19 (B) states that an intentionally false state-
20 ment made by a purchaser regarding the pur-
21 chaser’s intent to occupy a purchased qualified
22 property may be a violation of section 1010 of
23 title 18, United States Code; and

24 (2) before closing, obtain a written statement,
25 signed by the purchaser, that the purchaser has re-
26 ceived the notice required under paragraph (1).

1 **SEC. 3. REQUIREMENTS RELATING TO OWNER-OCCUPANT**
2 **PURCHASERS.**

3 (a) 1-YEAR RESIDENCY.—Except as provided in sub-
4 section (b), each owner-occupant purchaser of a qualified
5 property shall use the property as the principal residence
6 of the purchaser for the 1-year period beginning upon pur-
7 chase.

8 (b) EXCEPTIONS.—The Secretary may waive the re-
9 quirement under subsection (a) for an owner-occupant
10 purchaser of a qualified property who demonstrates to the
11 Secretary extenuating circumstances that prevent the pur-
12 chaser from reasonably maintaining principal residency at
13 the qualified property during the period referred to in such
14 subsection.

15 (c) ENFORCEMENT PROCEDURES.—The Secretary
16 shall, by regulation, establish procedures to monitor com-
17 pliance with the requirement under subsection (a) and to
18 provide for waivers under subsection (b). Such regulations
19 shall be issued not later than the expiration of the 6-
20 month period beginning on the date of the enactment of
21 this Act.

22 **SEC. 4. PENALTY.**

23 If the Secretary determines on the record after oppor-
24 tunity for a hearing that an owner-occupant purchaser of
25 a qualified property has violated the requirement under

1 section 3(a), the Secretary shall permanently bar such
2 purchaser—

3 (1) from doing business with the Department of
4 Housing and Urban Development;

5 (2) from participating in any program of the
6 Department of Housing and Urban Development;
7 and

8 (3) from receiving any assistance from the De-
9 partment of Housing and Urban Development.

10 Any penalty imposed under this section shall be in addi-
11 tion to any other penalties authorized under law that may
12 be imposed.

13 **SEC. 5. DEFINITIONS.**

14 For purposes of this Act, the following definitions
15 shall apply:

16 (1) OWNER-OCCUPANT PURCHASER.—The term
17 “owner-occupant purchaser” means a purchaser of a
18 qualified property who, in purchasing the property
19 (including any bidding procedure), indicates to the
20 Secretary an intent to use the property as his or her
21 principal residence.

22 (2) QUALIFIED PROPERTY.—The term “quali-
23 fied property” means any 1- to 4-family property ac-
24 quired by the Secretary pursuant to—

1 (A) foreclosure of a mortgage insured
2 under title II the National Housing Act;

3 (B) foreclosure of a rehabilitation loan
4 under section 312 of the Housing Act of 1964
5 (as in effect before October 1, 1991);

6 (C) foreclosure of a purchase money or as-
7 signed mortgage that is held by the Secretary;

8 (D) assignment by the Secretary of De-
9 fense, pursuant to acquisition of the property
10 under section 1013 of the Demonstration Cities
11 and Metropolitan Development Act of 1966; or

12 (E) foreclosure of a home improvement
13 loan insured under title I of the National Hous-
14 ing Act.

15 (3) SECRETARY.—The term “Secretary” means
16 the Secretary of Housing and Urban Development,
17 except when specifically provided otherwise.

○